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SUBJECT: FUTURE PRIME MINISTER LETERME SEES HIS PARTY AS  
INDISPENSABLE TO DEAL ON CONSTITUTIONAL REFORM

¶1. (SBU) Summary: Yves Leterme, the man who "won" the June federal elections in Belgium, and who now serves as Vice Prime Minister, is not sure arrangements will be complete on constitutional reform before March 23, the day by he is expected to become Prime Minister. Given the electoral strength enjoyed by his Flemish Christian Democrats (CD&V) -- 30 of the 101 seats needed to effect constitutional reforms -- he told the Ambassador that any agreement would have to meet his needs. Not doing so risked precipitating either the formation of a minority government or even new elections. Leterme noted also that he was attempting to close a huge budget gap of 3.4 to 3.6 billion euros, roughly ten percent of the federal budget. On a separate issue, he expressed interest in learning more about U.S. airport noise abatement efforts. End summary.

¶2. (SBU) During a January 23 discussion with the Ambassador, Belgian Vice Prime Minister Yves Leterme attempted to play down optimistic projections about the chance of success in his effort to fashion new constitutional reforms. According to Leterme, it was not necessary to get all the details finalized before his expected assumption of the Prime Ministership on March 23. Given the limited time available before the transition, it would be "impossible," he said, to expect much or even any actual legislation to be in place. That said, he had told the other parties that they must fashion a fairly concrete agreement on what was going to happen.

¶3. (SBU) The CD&V was prepared to consider a number of steps to sweeten a deal. Since any alteration of the balance between federal and regional government would generate considerable savings in expenditure, Leterme said he was willing to guarantee at least 20 percent of this sum for Wallonia. Just as important, Leterme indicated that he was open to discussing other amounts and mechanisms for dealing with the fiscal side of any shift in governmental responsibilities for unemployment and health care expenditure.

¶4. (SBU) In the meantime, Leterme said he was busy with his other principal duty as Minister of the Budget. His main job now was to find approximately 3.4 to 3.6 billion euros, or about ten percent of the present federal budget. He was not as optimistic about the ease of achieving this as Prime Minister Verhofstadt, who believed the gap to be significantly less. Leterme made clear that he was remaining fully abreast of other key government tasks like the recent terrorism alert.

¶5. (U) In response to the Ambassador's remarks, Leterme said he would be interested in learning more about how the U.S. dealt with the airport noise issue. The Ambassador agreed to send him information on the issue and on plans to host a Belgian expert. Fox

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